
SENATE BILL No. 368

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21-5.2.

Synopsis: Tax credit for low income elderly homeowners. Provides a property tax credit to a homestead owner who is at least 65 years of age and who has an adjusted gross incomes of less than \$30,000. Provides that the credit for an individual with no adjusted gross income is equal to 50% of the net property tax bill on the individual's homestead, and provides that the credit is phased out as the individual's adjusted gross income approaches \$30,000. Provides that the property tax credit is payable from the property tax replacement fund. Appropriates money from the property tax replacement fund to pay for the property tax credits.

Effective: January 1, 2003.

Craycraft

January 8, 2002, read first time and referred to Committee on Finance.

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Introduced

Second Regular Session 112th General Assembly (2002)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2001 General Assembly.

SENATE BILL No. 368

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-21-5.2 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2003]: **Sec. 5.2. (a) The following**
4 **definitions apply throughout this section:**

5 **(1) "Dwelling" means:**

6 **(A) an improvement to residential real property;**

7 **(B) a mobile home not assessed as real property; or**

8 **(C) a manufactured home not assessed as real property;**

9 **that an individual uses as the individual's residence.**

10 **(2) "Homestead" means an individual's principal place of**
11 **residence that:**

12 **(A) is located in Indiana;**

13 **(B) the individual either owns or is buying under a**
14 **contract, recorded in the county recorder's office, that**
15 **requires the individual to pay the property taxes on the**
16 **residence; and**

17 **(C) consists of a dwelling and any real estate, not exceeding**



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one (1) acre, that immediately surrounds the dwelling.

(3) "Net property tax bill" means the amount of property taxes currently due and payable by an individual for a particular calendar year after the application of all deductions and credits, except for the credit allowed under this section, as evidenced by the tax statements prepared and mailed under IC 6-1.1-22-8.

(b) Each year an individual is entitled to a credit against the net property tax bill on the individual's homestead if:

(1) the individual is at least sixty-five (65) years of age on or before December 31 of the calendar year preceding the year in which the credit allowed under this section is claimed; and

(2) the combined adjusted gross income (as defined in IC 6-3-1-3.5) of:

(A) the individual and the individual's spouse, if the individual and the individual's spouse own the homestead under a tenancy by the entirety; or

(B) the individual and any other individuals with whom the individual owns the homestead as joint tenants or tenants in common;

for the calendar year preceding the year in which the credit is claimed was less than thirty thousand dollars (\$30,000).

(c) The amount of the credit to which an individual is entitled under this section equals the amount determined under the following STEPS:

STEP ONE: Determine an amount equal to fifty percent (50%) of the net property tax bill on the individual's homestead for the year.

STEP TWO: Determine the result of:

(A) the combined adjusted gross income (as defined in IC 6-3-1-3.5) of:

(i) the individual and the individual's spouse, if the individual and the individual's spouse own the homestead under a tenancy by the entirety; or

(ii) the individual and any other individuals with whom the individual owns the homestead as joint tenants or tenants in common;

for the calendar year preceding the year in which the credit is claimed; divided by

(B) thirty thousand dollars (\$30,000).

STEP THREE: Determine the result of:

(A) the STEP TWO result; multiplied by

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(B) the STEP ONE result.

STEP FOUR: Determine the result of:

(A) the STEP ONE result; minus

(B) the STEP THREE result.

(d) If two (2) individuals own a homestead under a tenancy by the entirety, and at least one (1) of the individuals meets both of the eligibility requirements of subsection (b), the individuals are together entitled to one (1) credit under this section.

(e) A surviving spouse is entitled to the credit provided by this section if:

(1) the surviving spouse is at least sixty (60) years of age on or before December 31 of the calendar year preceding the year in which the credit is claimed;

(2) the surviving spouse's deceased husband or wife was at least sixty-five (65) years of age at the time of death;

(3) the surviving spouse has not remarried; and

(4) the surviving spouse satisfies the income requirement of subsection (b)(2).

(f) If a homestead is owned by joint tenants or tenants in common only one (1) credit may be allowed under this section. However, the age requirement of subsection (b)(1) is satisfied if any one (1) of the tenants is at least sixty-five (65) years of age. If all of the tenants are not at least sixty-five (65) years of age, the amount of the credit allowed under this section is equal to:

(1) the credit amount determined under subsection (c) for an individual qualifying tenant; minus

(2) the result obtained under subdivision (1) multiplied by a fraction, the numerator of which is the number of tenants who are not at least sixty-five (65) years of age, and the denominator of which is the total number of tenants.

(g) An individual who desires to claim the credit provided by this section must file a certified statement in duplicate on forms prescribed by the department of local government finance with the auditor of the county in which the individual's homestead is located. The statement must be filed during the twelve (12) months before May 11 of the year before the first year for which the individual wishes to obtain the credit under this section. Except as provided in subsection (k), the statement applies for that first year and any succeeding year for which the credit is allowed. The statement must contain the following information:

(1) The individual's full name and complete residence address.

(2) The source and exact amount of gross income received by



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the individual and the individual's spouse during the preceding calendar year. To substantiate the information required under this subdivision, the individual must submit for inspection a copy of the individual's and a copy of the individual's spouse's income tax returns for the preceding calendar year. If either the individual or the individual's spouse was not required to file an income tax return, the individual must subscribe to that fact in the statement.

(3) A description of the individual's homestead and the number of years that the individual has resided at that homestead.

(4) Proof of the individual's age.

(5) The name of any other county and township in which the individual owns or is buying real property.

(6) The record number and page where the contract or memorandum of the contract is recorded if the individual is buying the homestead on contract.

(7) Any other information requested by the department of local government finance.

(h) The auditor of a county with whom a statement is filed under subsection (g) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the individual who claims the credit owns or is buying real property located in the other county. The county auditor of the other county shall note on the copy of the statement whether the individual has claimed a credit under this section for a homestead located in the other county. The auditor shall then return the copy to the auditor of the first county.

(i) Upon receiving a proper credit statement under subsection (g), the county auditor shall allow the credit. The county auditor shall apply the credit equally against each installment of property taxes payable in a calendar year, beginning with the first year for which the individual qualifies for the credit. The county auditor shall include the amount of the credit applied against each installment of taxes on the tax statement required under IC 6-1.1-22-8. Each year the county auditor shall apply the credit provided by this section to each individual who received the credit in the preceding year unless the auditor receives notice under subsection (k) that the individual is no longer eligible for the credit.

(j) After January 31 and before February 15 of each year, each county auditor shall certify to the department of local government finance the number and amounts of the credits allowed under this

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1 section for that calendar year. Upon receiving the certifications,
 2 the department of local government finance shall determine the
 3 total amount of the credits allowed in each county under this
 4 section and shall certify the totals to the department when the
 5 department of local government finance certifies the total county
 6 tax levies. The department shall distribute to each county from the
 7 property tax replacement fund the amount of credits certified for
 8 that county by the department of local government finance at the
 9 same time and in the same manner as the department distributes
 10 the county's estimated distribution under section 4 of this chapter.
 11 Money is appropriated from the property tax replacement fund to
 12 make the distributions.

13 (k) An individual who receives the credit provided under this
 14 section in a particular year and who remains eligible for the credit
 15 in the following year is not required to file a statement to apply for
 16 the credit in the following year. However, an individual who
 17 receives a credit under this section in a particular year and who
 18 fails to meet the income requirement of subsection (b)(2) in the
 19 following year shall notify in writing the auditor of the county in
 20 which the homestead is located of the individual's ineligibility
 21 before May 10 of the year in which the individual becomes
 22 ineligible. An individual who becomes ineligible for the credit
 23 provided by this section and fails to provide the notice required by
 24 this subsection is liable for the amount of the credit the individual
 25 was allowed under this section for the individual's homestead.

26 (l) An individual who receives the credit provided by this section
 27 for a homestead that is jointly held with another owner in a
 28 particular year and remains eligible for the credit in the following
 29 year is not required to file a statement to reapply for the credit
 30 following removal of the joint owner if:

- 31 (1) the individual is the sole owner of the homestead following
- 32 the death of the individual's spouse;
- 33 (2) the individual is the sole owner of the homestead following
- 34 the death of a joint owner who was not the individual's spouse
- 35 and the amount of the credit determined under subsection (f)
- 36 will not change as a result of the death; or
- 37 (3) the individual is awarded sole ownership of the homestead
- 38 in a divorce decree.

39 (m) If an individual knowingly or intentionally files a false
 40 statement under any requirement of this section, the individual
 41 must pay the amount of any credit the individual received because
 42 of that false claim, plus interest, to the department of local

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1 government finance for deposit in the property tax replacement
2 fund established by section 1 of this chapter.

3 SECTION 2. [EFFECTIVE JANUARY 1, 2003] (a)
4 IC 6-1.1-21-5.2, as added by this act, applies to credit claims filed
5 after December 31, 2002.

6 (b) IC 6-1.1-21-5.2, as added by this act, applies to property
7 taxes first due and payable after December 31, 2003.

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